

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER:  <b>01-04</b>	2. STATE  <b>Louisiana</b>
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)  4. PROPOSED EFFECTIVE DATE <b>April 1, 2001</b>	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

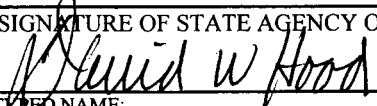
6. FEDERAL STATUTE/REGULATION CITATION:  <b>42 CFR 447.272(c) and 447.321(c)</b>	7. FEDERAL BUDGET IMPACT: a. FFY <u>2001</u> <b>\$40,410.04</b> b. FFY <u>2002</u> <b>\$ 133,752.84</b>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A, Item 1, Page 8a Pages 8b, 8c Page 9</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Same (TN 00-50) None-New Pages Same (TN 94-32)</b>

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to revise reimbursement for inpatient hospital services to include utilization of the revised upper payment limit for non-state government-owned or operated hospitals as set forth in 42 CFR 447.272(c) and 447.321(c) and to provide for change in format on Page 9 of Attachment 4.19-A, Item 1. On page 9, Qualifying Loss Review Process is now number 9 instead of number 8.**

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

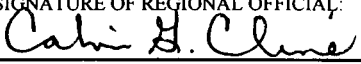
☒ OTHER, AS SPECIFIED: **The Governor does not review state plan material.**

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:  <b>State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030</b>
13. TYPED NAME:  <b>David W. Hood</b>	
14. TITLE:  <b>Secretary</b>	
15. DATE SUBMITTED:  <b>May 16, 2001</b>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:  <b>18 MAY 2001</b>	18. DATE APPROVED:  <b>29 OCTOBER 2001</b>
--	--

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  <b>1 JULY 2001</b>	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME:  <b>CALVIN G. CLINE</b>	22. TITLE:  <b>ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID AND STATE OPERATIONS</b>

23. REMARKS:

Calvin G. Cline  
August 10, 2001  
Page 3

Please revise Blocks 8 and 9 of Form 179 to reflect the following:

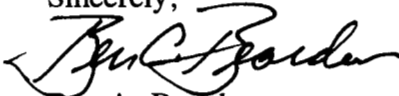
Block 8	Block 9
Attachment 4.19-A, Item 1, Page 8a Page 8b Page 9	Same (TN 00-50) None (New Page) Same (TN 94-32)
Attachment 4.19-B, Item 2.b., Page 2 Page 3	Same (TN 00-50) None (New Page)

The attached revised pages are substituted for the previously submitted pages.

Please consider this as a formal request to begin the 90-day clock. It is anticipated that the above additional information will be sufficient to result in the approval of the pending State plan amendment. If further information is needed, please contact Shirley Garland at (225) 342-3086.

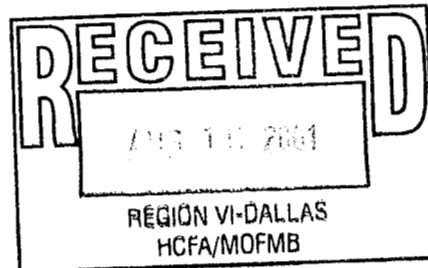
We appreciate the assistance of Billy Bob Farrell in resolving these issues.

Sincerely,

  
Ben A. Bearden  
Director

BAB/SMG

Attachments



PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES  
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

**8. Enhancement Pool For Public Hospitals**

**a. Enhancement Pool Creation**

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost reports. The pool is created subject to the payment limits of 42 CFR §447.272 (the aggregate Medicaid payments may not exceed 150% of a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

**b. Calculation of Hospital Payment Differential**

The hospital payment differential for any year shall be the difference between ~~150%~~ of the upper limit of aggregate payments to non-state public hospitals as defined in 42 CFR §447.272 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to the mid-point of the current State fiscal year based on the Center for Medicare and Medicaid Services (CMS) Hospital Market Basket Index for PPS hospitals.

**c. Enhancement Pool Payments**

The entire enhancement pool amount shall be paid on a quarterly basis to qualifying public hospitals based on their pro-rata share of the total unreimbursed Medicaid charges (billed Medicaid charges less Medicaid reimbursements) for all qualifying public hospitals. Determination of unreimbursed Medicaid charges shall be based on the hospital's latest filed cost report.

**d. Definition of Qualifying Hospitals**

Qualifying hospitals are defined as any hospital owned by a parish, city or other local government agency or instrumentality. This

A	
STATE Louisiana	
DATE REC'D 05-18-01	
DATE APP'D 10-29-01	
DATE EFF 07-01-01	
HCFA 179 LA 01-04	

TN# LA 01-04 Approval Date 10-29-01 Effective Date 07-01-01  
Supersedes  
TN# LA 00-50

\* Pen & ink change per State's 10-29-01 request.

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES  
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

definition includes hospitals owned jointly by two or more government entities, but does not include hospitals owned jointly by government and private organizations. A qualifying hospital:

- i) is not recognized as a small rural hospital as defined in D.3.b.;

AND

- ii) has at least three thousand Medicaid inpatient days per the hospital's latest filed cost report;

AND

- iii) has Medicaid inpatient utilization of at least ten percent (10%) per the hospital's latest filed cost report.

**e. Determination of the Upper Payment Limit**

For the purpose of the Enhancement Pool payments, the upper limit of aggregate payments to hospitals pursuant to 42 CFR §447.272 shall be determined using the hospital's latest filed cost report and claims data corresponding with the period to determine the reasonable costs in accordance with Medicare principles of reimbursement.

STATE <u>Louisiana</u>	A
DATE REC'D <u>05-18-01</u>	
DATE APPV'D <u>10-24-01</u>	
DATE EFF <u>07-01-01</u>	
HCFA 179 <u>LA 01-04</u>	

SUPERSEDES: NONE - NEW PAGE

TN # LA 01-04 Approval Date 10-29-01 Effective Date 07-01-01

SUPERSEDES: NONE - NEW PAGE

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES  
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

**9. Qualifying Loss Review Process**

Any hospital seeking an adjustment to the operations, movable, fixed capital, or education component of its rate shall submit a written request for administrative review within 30 days after receipt of the letter notifying the hospital of its rate. Rate notification date is considered to be five days from the date of the letter or the postmark date, whichever is later.

**a. Definitions**

"Qualifying loss" in this context refers to that amount by which the hospital's operating costs, movable equipment costs, fixed capital costs, or education costs (excluding disproportionate share payment adjustments) exceeds the Medicaid reimbursement for each component.

"Costs" when used in the context of operating costs, movable equipment costs, fixed capital costs, and education costs, means a hospital's costs incurred in providing covered inpatient services to Medicaid clients as allowed by the *Medicare Provider Reimbursement Manual*.

**b. Permissible Basis**

Consideration for qualifying loss review is available only if one of the following conditions exists:

- 1) rate-setting methodologies or principles of reimbursement are incorrectly applied; or
- 2) incorrect or incomplete data or erroneous calculations were used in the establishment of the hospital's rate; or
- 3) the amount allowed for a component in the hospital's prospective rate is 70 percent or less of the component cost it incurs in providing services that conform to the applicable state and federal laws of quality and safety standards.

A	
STATE <u>Louisiana</u>	
DATE REC'D <u>05-18-01</u>	
DATE APP'D <u>10-29-01</u>	
DATE EFF <u>07-01-01</u>	
HCFA 179 <u>LA 01-04</u>	

SUPERSEDES: TN- LA 94-32

TN# LA 01-04 Approval Date 10-29-01 Effective Date 07-01-01

Supersedes

TN# LA 94-32

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE OF LOUISIANA

Attachment 4.19-B  
Item 2.a., Page 2

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(A) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

**Outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, and rehabilitation services are paid as follows:**

**In-state private hospital outpatient services** are reimbursed on a hospital specific cost to charge ratio calculation based on filed cost reports for the period ending in state fiscal year 1997. Final reimbursement is adjusted to 83 % of allowable cost through the cost report settlement process.

**In-state public hospital outpatient services** are reimbursed at an interim rate of 60% of billed charges. Final reimbursement is adjusted to 83 % of allowable cost through the cost report settlement process.

**Out-of-state hospital outpatient services** are reimbursed at 50% of billed charges.

**Enhancement Pool For Public Hospitals**

**a. Enhancement Pool Creation**

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost report. The pool is created subject to the payment limits of 42 CFR §447.321 (the aggregate Medicaid payments may not exceed 150% of a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

**b. Calculation of Hospital Payment Differential**

The hospital payment differential for any year shall be the difference between ~~150%~~ of the upper payment limit of aggregate payments to non-state public hospitals as defined in 42 CFR §447.321 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to mid-point of the current State fiscal year based on the Center for

SUPERSEDES: TN- LA 00-50

A	
STATE <u>Louisiana</u>	
DATE REC'D <u>05-18-01</u>	
DATE APP'D <u>10-29-01</u>	
DATE EFF <u>07-01-01</u>	
HCFA 179 <u>LA 01-04</u>	

TN# LA 01-04 Approval Date 10-29-01 Effective Date 07-01-01

Supersedes

TN# LA 00-50

\* Pen & ink change per State's 10-29-01 request.

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(A) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Medicare and Medicaid Services (CMS) Hospital Market Basket Index for PPS hospitals.

c. **Enhancement Pool Payments**

The entire enhancement pool amount shall be paid on a quarterly basis to qualifying public hospitals based on their pro-rata share of the total unreimbursed Medicaid charges (billed Medicaid charges less Medicaid reimbursements) for all qualifying public hospitals. Determination of unreimbursed Medicaid charges shall be based on the hospital's latest filed cost report.

d. **Definition of Qualifying Hospitals**

Qualifying hospitals are defined as any hospital owned by a parish, city or other local government agency or instrumentality. This definition includes hospitals owned jointly by two or more government entities, but does not include hospitals owned jointly by government and private organizations. A qualifying hospital:

- i) is not recognized as a small rural hospital as defined in D.3.b;

AND

- ii) has at least three thousand Medicaid inpatient days per the hospital's latest filed cost report;

AND

- iii) has Medicaid inpatient utilization of at least ten percent (10%) per the hospital's latest filed cost report.

e. **Determination of the Upper Payment Limit**

For the purpose of the Enhancement Pool payments, the upper payment limit of aggregate payments to hospitals pursuant to 42 CFR §447.321 shall be determined using the hospital's latest filed cost report and claims data corresponding with the period to determine the reasonable costs in accordance with Medicare principles of reimbursement.

SUPERSEDES: NONE - NEW PAGE

A	
STATE	Louisiana
DATE REC'D	05-18-01
DATE APP'D	10-29-01
DATE EFF	07-01-01
HCFA 179	LA 01-04

TN# LA 01-04 Approval Date 10-29-01 Effective Date 07-01-01

SUPERSEDES: NONE - NEW PAGE



**DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services**

**Calvin G. Cline**  
**Associate Regional Administrator, Medicaid and State Operations**

1301 Young Street, Room 827  
Dallas, Texas 75202  
Phone (214) 767-6301  
Fax (214) 767-0270

October 29, 2001

Our reference: SPA-LA-01-04

Mr. Ben Bearden, Director  
Bureau of Health Services Financing  
Department of Health and Hospitals  
Post Office Box 91030  
Baton Rouge, Louisiana 70821-9030

Attention: Sandra Victor  
Policy Development and Implementation

Dear Mr. Bearden:

We have reviewed the proposed amendment to your Medicaid State plan submitted under transmittal no. (TN) 01-04, including the revisions submitted on August 10, 2001. This amendment revises the payment methodology for inpatient hospital services effective for services provided on or after July 1, 2001. This amendment provides for supplemental payments up to 150% of the Upper Payment Limits (UPL) to non-state public hospitals that are not rural hospitals, but have at least 3000 Medicaid inpatient hospital days and at least 10% Medicaid inpatient utilization.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13)(A), 1902(a)(30), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. Based on the information you submitted we have approved the amendment for incorporation into the official Louisiana State plan effective for services on or after July 1, 2001. We have enclosed a copy of HCFA-179, TN 01-04, dated October 29, 2001, and the amended plan pages. If you have any questions, please call Billy Bob Farrell at (214) 767-6449.

If you have any questions, please contact Billy Bob Farrell at (214) 767-6449.

Sincerely,

Calvin G. Cline  
Associate Regional Administrator  
Division of Medicaid and State Operations

cc: Elliot Weisman, CMSO, PCPG  
Commerce Clearing House  
Enclosure